

FISCAL NOTE
SB 1492 - HB 1347

March 12, 2007

SUMMARY OF BILL: Requires any retail dealer that sells a cellular telephone to a consumer who, as part of the transaction contractually agrees to purchase cellular telephone service from a specified cellular telephone service provider for a fixed term of one year or more, to only collect sales tax owed by the consumer on the purchase price of the telephone. Prohibits any sales tax from being levied on or collected from the retail dealer on the amount of any rebate paid from the service provider to the retail dealer for such transaction or on any portion of the purchase price for the telephone paid by the consumer to the cellular telephone service provider.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - \$750,000

Decrease Local Govt. Revenues - \$250,000

Assumptions:

- According to the Department of Revenue (DOR), there are several audit assessments and court cases currently being considered which address the specific legitimacy of collection issues identified in this bill.
- According to DOR, the legitimacy of approximately \$1,000,000 in sales tax collections is being considered (\$750,000 in state sales tax collections; \$250,000 in local option sales tax collections).
- According to DOR, state revenues will decrease by a proportional amount as a result of this legislation.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director